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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MATTHEW MENDERINK,
MICHEL WEKSLER,
and BHARATHI RAMAVARJULA

Appeal 2015-004074
Application 10/968,197
Technology Center 3600

Before HUBERT C. LORIN, ANTON W. FETTING, and
MICHAEL C. ASTORINO, *Administrative Patent Judges*.

FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE¹

Matthew Mengerink, Michel Weksler, and Bharathi Ramavarjula
("Appellants") seek review under 35 U.S.C. § 134 from a final rejection of

¹ Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed August 30, 2014) and Reply Brief ("Reply Br.," filed February 23, 2015), and the Examiner's Answer ("Ans.," mailed December 23, 2014), and Final Action ("Final Act.," mailed March 26, 2014).

claims 1–50 and 57–62, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

We affirm.

The Appellants invented a way of using a user network within a network–based commerce platform. Specification, para. 1.

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below (bracketed matter and some paragraphing added).

1. A system to facilitate a transaction in a network-based commerce system, the system comprising:

[1] a hardware processor of a machine;

[2] a group association rule module

to provide a selectable set of group association rules to a first user

that is generating a listing for a product to be offered to a target group of users;

[3] a networking module to generate, using the hardware processor, the target group

including at least one other user of the network–based commerce system based on at least one group association rule selected by the first user,

the first user and target users of the generated target group having an existing relationship;

[4] a listing module to distribute the listing for the product offered by the first user to the generated target group,

the listing including information on the product offered by the first user to the generated target group;

and

[5] a transaction module to facilitate the transaction between at least one target user of the generated target group and the first user for the product offered by the first user in the listing.

The Examiner relies upon the following prior art:

Burton US 2002/0055878 A1 May 9, 2002

Bamborough US 2006/0235764 A1 Oct. 19, 2006

WWW.EBAY.COM, [http://web.archive.org/web/20040407121828/www.ebay.com/Homepage/company overview](http://web.archive.org/web/20040407121828/www.ebay.com/Homepage/company%20overview) (“eBay”).

Claims 1–50 and 57–62 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.²

Claims 1–4, 6, 8–26, 28, 32–50, and 57–62 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Burton and Bamborough.

Claims 5, 7, 27, and 29–31 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Burton, Bamborough, and eBay.³

ISSUES

The issues of eligible subject matter turn primarily on whether the claims recite something more than abstract conceptual advice as to facilitating a transaction.

² The Examiner raises two rationales. The first is that the claims are software per se. Final Act. 4. The second is that the claims are drawn to abstract subject matter. Ans. 18.

³ The Examiner withdrew a rejection under 35 U.S.C. § 112 (pre-AIA), first paragraph, as failing to comply with the written description requirement. Ans. 19.

The issues of obviousness turn primarily on the breadth of the listing and selection recited in the claims.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Facts Related to the Prior Art

Burton

01. Burton is directed to providing suppliers' catalog information to purchasers and providing orders to suppliers. Burton, para. 2.
02. Burton describes providing users with information, which may include catalog information, ordering information, or any other type of information, by downloading data objects, which may be compressed, into user's access devices, e.g., web browsers. Data and processing functions may be downloaded to provide users with specialized capabilities, including decompressing compressed data. Processing functions may include functions for locally searching, sorting, grouping, browsing, and performing other data manipulation or calculation tasks. Processing functions for presenting data or search results to users via an access device display may be provided. A variety of presentation functions may be provided to present different forms of data to users and receive a variety of forms of user indications from users. Burton, para. 17.

03. Burton describes accounting codes received and stored as part order information that may define the order. When the codes are received, the user may be presented with information about group policies or rules governing the use of accounting codes or ordering in general. Received codes may be checked for validity and proper usage under group rules. If invalid codes are received, or if rules are violated, users and administrative users of groups may be warned or notified. Burton, para. 23.
04. Burton describes the system choosing a list to provide to the user. The list includes suppliers that correspond to preselected preferences associated with the ordering site through which the user entered the system (145). Alternatively, the system may provide the user with a list that corresponds to the user's location. The system may provide a list known from prior transactions to correspond to the user's location, or it may use a geozoning engine (146) to map the user's location into geographic coordinates and retrieve or generate a list of suppliers corresponding to those coordinates. The user selects a supplier and the system provides a catalog from the selected supplier to the user. The user indicates a desire to place a group order. The user is referred to as a host user and the system generates, distributes, and manages invitations to other users (hereinafter, "invitees") to gather order information from the members of a group. Burton, paras. 121–122.

Bamborough

05. Bamborough is directed to electronic commerce transactions with a marketing company. Bamborough, para. 3.
06. Bamborough describes a “Virtual Office” feature that provides information vital to the operation of their business embodied in an office page web file associated with the web site. The information provided includes information on different product offerings and compensation systems, training, financial information, marketing support, customer profiles, and other information. The information can also include information relating to sales of marketing system products and services to a personal group and sales of marketing system products and services by the personal group. The personal group preferably comprises at least one individual selected from the group consisting of a registered Client, Member, Member Plus, and an IBO. Bamborough, para. 234.

ANALYSIS

Claims 1–50 and 57–62 rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter

We are persuaded by Appellants’ argument that as to the software per se rationale, the claims are drawn to physical structure. App. Br. 7.

As to the abstract subject matter rationale, the Supreme Court

set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, [] determine whether the claims at issue are directed to one of those patent-ineligible concepts. [] If so, we then ask, “[w]hat

else is there in the claims before us?” [] To answer that question, [] consider the elements of each claim both individually and “as an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application. . . . [The Court] described step two of this analysis as a search for an ““inventive concept””—*i.e.*, an element or combination of elements that is “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.”

Alice Corp. Pty. Ltd. v CLS Bank Int’l, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept. The Examiner finds they are directed to using a network and facilitating a transaction. Ans. 19.

While the Court in *Alice* made a direct finding as to what the claims were directed to, we find that this case’s claims themselves and the Specification provide enough information to inform one as to what they are directed to.

The preamble to the sole independent method claim 25 recites that it is a method to facilitate a transaction in a network-based commerce system. The steps in claim 25 result in facilitating a transaction. The Specification at paragraph 1 recites that the invention relates to utilizing a user network within a network-based commerce platform. Thus, all this evidence shows that claim 25 is directed to facilitating a transaction in the context of some network, i.e. transacting per se.

It follows from prior Supreme Court cases, and *Bilski v. Kappos*, 561 U.S. 593 (2010) in particular, that the claims at issue here are directed to an abstract idea. Like the risk hedging in *Bilski*, the concept of transacting per se is a fundamental business practice long prevalent in our system of commerce. The use of transacting per se is also a building block of any market economy. Thus, transacting per se, like hedging, is an “abstract idea” beyond the scope of § 101. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2356.

As in *Alice Corp. Pty. Ltd.*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of transacting per se at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2357.

Further, claims involving data collection, analysis, and display are directed to an abstract idea. *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing

it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent ineligible concept”); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016). Claim 25, unlike the claims found non-abstract in prior cases, uses generic computer technology to perform data collection, analysis, and facilitating processing and does not recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (finding claims not abstract because they “focused on a specific asserted improvement in computer animation”). As such, claim 25 is directed to the abstract idea of receiving, analyzing, and facilitating the processing of data.

The remaining claims merely describe attributes of the data employed. We conclude that the claims at issue are directed to a patent-ineligible concept.

The introduction of a computer into the claims does not alter the analysis at Mayo step two.

[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea “while adding the words ‘apply it’” is not enough for patent eligibility. Nor is limiting the use of an abstract idea “to a particular technological environment.” Stating an abstract idea while adding the words “apply it with a computer” simply combines those two steps, with the same deficient result. Thus, if a patent’s recitation of a computer amounts to a mere instruction to “implement[t]” an abstract idea “on . . . a computer,” that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our § 101 jurisprudence. Given the

ubiquity of computers, wholly generic computer implementation is not generally the sort of “additional featur[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice Corp. Pty. Ltd., 134 S. Ct. at 2358 (citations omitted).

“[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer.” *Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to produce rules, generate and communicate a list based on the rules, and facilitating a transaction amounts to electronic data query and retrieval—one of the most basic functions of a computer. All of these computer functions are well-understood, routine, conventional activities previously known to the industry. In short, each step does no more than require a generic computer to perform generic computer functions.

Considered as an ordered combination, the computer components of Appellants’ method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellants’ method claims simply recite the concept of transacting per se as performed by a generic computer. To be sure, the claims recite doing so by advising one to generate a list of names based on some set of criteria (rules) and send an ad to those people while also somehow facilitating further processing for a transaction. But this is no more than abstract conceptual advice on the parameters for

such promotion and the generic computer processes necessary to process those parameters, and do not recite any particular implementation.

The method claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field. The 21 pages of Specification spell out different generic equipment and parameters that might be applied using this concept and the particular steps such conventional processing would entail based on the concept of distributing an ad as precursor for a transaction under different criteria. They do not describe any particular improvement in the manner a computer functions. Referring to generic equipment with context specific adjectives, such as “marketplace applications,” in the Specification adds no meaningful information. Instead, the claims at issue amount to nothing significantly more than an instruction to apply the abstract idea of transacting per se using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2360.

As to the structural claims, they

are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea. This Court has long “warn[ed] . . . against” interpreting § 101 “in ways that make patent eligibility ‘depend simply on the draftsman’s art.’”

Alice Corp. Pty. Ltd., 134 S. Ct. at 2360.

We are not persuaded by Appellants' argument that the Examiner provided no evidence to support the findings. Reply Br. 2. What the claims are directed to is a question of law, but further, as we find *supra*, the claims and Specification provide sufficient evidence to support the Examiner's findings.

We are not persuaded by Appellants' argument that claims are not non-statutory just because they involve an abstract idea, but must be directed to an abstract idea. Reply Br. 3. Again, the claims and Specification show the claims are directed to transactions per se. The claims do not even perform transaction, but only facilitate them, which can be the most tangential ephemeral form of facilitation and still be within the claim scope.

We are not persuaded by Appellants' argument that the claims must be considered as a whole. Reply Br. 4. We show such consideration *supra*.

We are not persuaded by Appellants' argument that the claim limitations to beyond the abstract idea of facilitating a transaction. Reply Br. 6. We make findings that all such limitations are conventional computer search and retrieval activities that do not provide a technological improvement.

Claims 1–4, 6, 8–26, 28, 32–50, and 57–62 rejected under 35 U.S.C.

§ 103(a) as unpatentable over Burton and Bamborough

Claim 1 is a system that generates a list based on some selected rule of target parties, and distributes a product listing to those parties and somehow facilitates any resulting transaction. Upon reading claim 1, it is natural to jump to the conclusion the user is a merchant, but the claim is not that

narrow, and the Examiner applies Burton, in which the user is a customer who solicits other customers to form a group of purchasers. This is within the scope of the claim.

We are not persuaded by Appellants' argument that the art fails to describe the limitations. Burton describes providing a selectable group based on user preferences, user location, or prior transactions corresponding to the user location. The claim does not recite or narrow the manner of implementation of the recited selecting, so choice among these alternatives is within the claim scope. These selection criteria form a relationship between the user and the other selected group parties. Burton generates and communicates a proposal for a group purchase based on this selection. FF 01–04. Bamborough is more explicit in terms of providing information about a product to a group such as the invitees in Burton and that it was known to provide such information. FF 05–06. The very fact that Burton's invitees are invited to purchase something is sufficient motivation to look for art describing what information would be included in such an invitation.

Claims 5, 7, 27, and 29–31 rejected under 35 U.S.C. § 103(a) as unpatentable over Burton, Bamborough, and eBay

These claims are argued on the basis of claim 1.

CONCLUSIONS OF LAW

The rejection of claims 1–50 and 57–62 under 35 U.S.C. § 101 as directed to non-statutory subject matter is proper.

The rejection of claims 1–4, 6, 8–26, 28, 32–50, and 57–62 under

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35 U.S.C. § 103(a) as unpatentable over Burton and Bamborough is proper.

The rejection of claims 5, 7, 27, and 29–31 under 35 U.S.C. § 103(a) as unpatentable over Burton, Bamborough, and eBay is proper.

DECISION

The rejection of claims 1–50 and 57–62 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2011).

AFFIRMED